EB Wealth

QUARTERLY REPORT
Q1 2024

Global Overview

Global sector performance for the period 01/12/2023 - 29/02/2024				
Markets	**Country**	**Index (ex div) / Sector**	**3m performance up to 29/02/2024**	**12m performance up to 29/02/2024**
North America	USA	S&P 500	10.92%	28.36%
		Dow Jones	7.59%	19.41%
		Nasdaq	12.49%	40.47%
UK	UK	FTSE 100	1.34%	-3.13%
		FTSE All-Share	1.99%	-3.25%
Europe	Germany	Xetra DAX	7.81%	15.05%
	France	Paris CAC 40	7.91%	9.07%
	EU Countries	FTSEurofirst 300	6.34%	7.84%
Asia	Japan	Nikkei 225	19.38%	45.42%
	China	Hang Seng	-1.89%	-16.55%
	India	Nifty 50	10.22%	27.90%
South America	Brazil	Sao Paulo Se Bovespa	0.72%	22.96%
	Mexico	SE IPC	2.81%	5.03%
Other Markets	South Africa	JSE FTSE ALL SHARE	-3.44%	-5.58%
	Australia	S&P AUST	8.84%	6.07%
	Russia	RTS	2.93%	19.14%
	Canada	S&P/TSX COMPS	4.45%	5.65%
Commodities	N/A	Gold	0.15%	12.27%
		Silver	-11.23%	8.84%
		Brent Crude Oil	4.02%	-3.01%
		Copper	-2.29%	-5.65%

*Based on the latest available data at the time of print.

Most indices performed well this quarter with China, South Africa, silver, and copper being the only markets in negative territory. Japan, as the table above suggests, has made a strong comeback following a flat 2022 and 2023: our own Japanese index tracker fund recorded a 13.1% return last quarter and following closely, our T. Rowe Price Japanese Equity fund provided an 11.5% return. Our Adventurous growth portfolio with its higher allocation to the US and Japan had an excellent quarter, returning 5.7%. Our Cautious growth in comparison, returned a solid 2.78% for the quarter. We are hoping that the impending interest rate cuts will deliver continued strong performance across all of our portfolios.

EB Wealth Investment Portfolio Commentary

We believe this quarter marks the end of an extremely long interest rate cycle that was initially triggered by the 2008 credit crunch. It now looks almost certain that we have reached the peak of interest rates in the UK and that at some point rates will start falling. We are therefore making some significant changes in our portfolios this quarter reverting to a more traditional asset allocation with the reintroduction of UK gilts and fixed interest which had previously been underrepresented in favour of cash, global fixed interest and equities for over 10 years. The most significant changes will occur in our more cautious portfolios as our adventurous portfolios will continue to have a 90%+ exposure to equities.

Over the last 2 years, we have benefited from our heavily overweight position in US equities, emerging market equities and Japanese equities and we are now taking the opportunity of all time high market valuations to 'profit take', reducing our overweight equity positions across almost all geographic regions. Whether or not equities are in 'bubble' territory is not certain, but it is harder now to assess markets as being undervalued.

We have also reviewed the higher level of diversification which we brought into the portfolios after Covid and no longer believe this is necessary, by dropping some of the actively managed funds we have also been able to reduce investment costs across all our portfolios (delivering savings of between 0.07% - 0.12% dependent on portfolio).

EB Wealth Viewpoint – Taxing Moments

When receiving an envelope from HMRC in the post, I am filled with dread despite there being no possible logical reason for me to be. I immediately conjure images in my mind of a dark room, a forensic accountant with a calculator, magnifying glass and a grudge, pouring over my tax documents with a fine-toothed comb. Did I forget to declare something? Have I calculated my capital gains tax liability correctly? Am I being fined? HMRC have singled me out – why? Why me?!

I tremble as I reach for the envelope and slowly peel it open, certain that I'm due a massive tax bill with the safari holiday I've been saving for at risk of drifting further away…

Of course, when I eventually muster up the courage to read the dreaded letter, it's nothing more than a notification to say that my tax code has changed. I giggle nervously as relief washes over me, feeling only slightly ridiculous at my reaction.

Sound familiar? If you are one of those people who breaks out into a sweat at the sight and sound of the word 'tax', you are not alone. Tax can be complicated and trying to understand how to be 'tax-efficient', even more so. At EB Wealth, we thrive on helping clients to be as tax-efficient as possible. Whether it's maximising pension tax relief, ISA funding, minimising capital gains tax liability, or advising on gifting, and minimising inheritance tax liabilities, we are here to help.

We have seen some interesting changes announced in the Spring and Autumn Budgets which will provide a range of new tax mitigation opportunities. The Government announced that it will abolish the Lifetime Allowance (LTA) from April 2024 with the objective of encouraging inactive individuals to return to work, in particular those aged 50 and above. This therefore removes incentives to reduce hours or leave the labour market due to pension tax limits. While many of us wouldn't mind having a pension pot large enough to breach the LTA allowance, removal of this threshold means that significant amounts of money can be funded into pensions without worrying about a tax charge. As with any change, there are considerations to factor in that may make you think twice before pumping all of your assets into your pension (such as the limit on the amount of tax-free cash you can access).

Additionally, the Government announced some positive changes to ISAs. Previously, you could split your ISA allowance between different types of ISA, but were restricted to only one ISA of the same type each tax year. However, from 6 April 2024, you'll be able to pay into multiple ISAs of the same type with different providers. This makes investing in ISAs more flexible for savers – but do remember not to go over your £20,000 annual allowance across all ISAs and providers!

Not all changes will be positive for our clients – from April, the capital gains tax allowance has reduced from £6,000 to £3,000. While this should not deter you from investing outside tax wrappers, ensuring your funds are actively monitored and invested as tax-efficiently as possible is key.

At EB Wealth, we understand the value of providing holistic advice which takes into consideration a client's overall tax position to ensure that any recommendations we make are made with tax-efficiency in mind. Most importantly, we also want to provide you with peace of mind to help you navigate the complexities of the UK tax regime and the frequent changes that it endures.

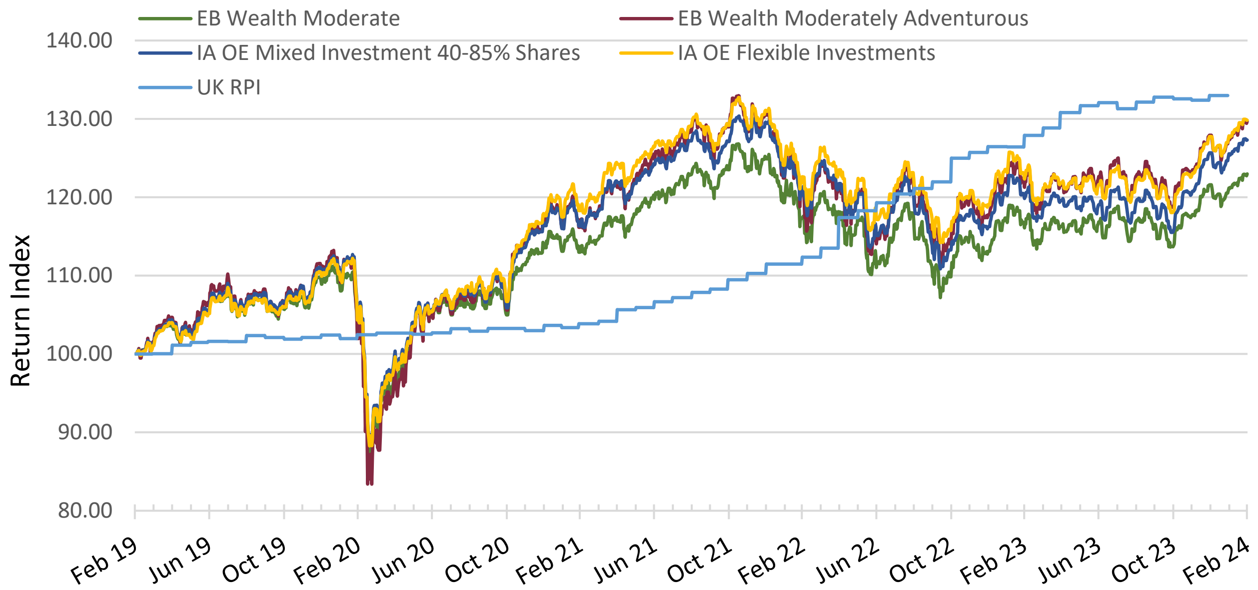
Even though the end of the tax year is notoriously frantic and does get *our* heart rates pumping, we pride ourselves on ensuring that we have done everything possible to help our clients meet their goals over the tax year - including making your tax affairs less 'taxing'!

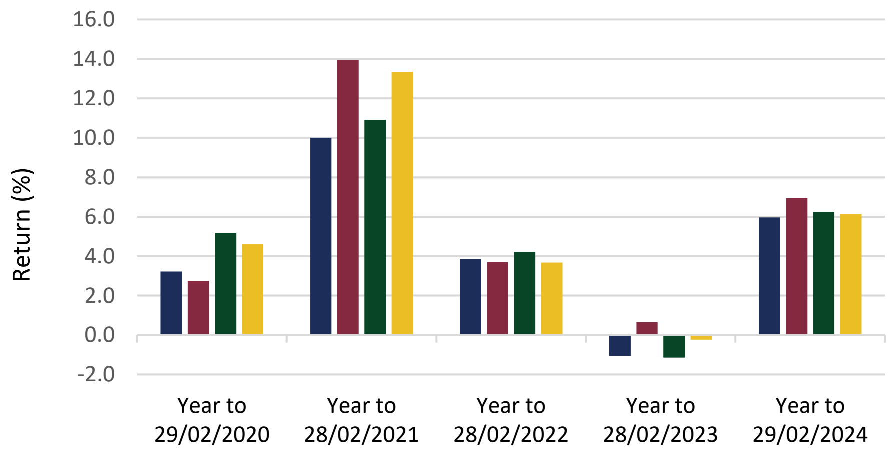
Amber Moon

EB Wealth

EB Wealth Portfolio Performance

The chart below shows the year-to-date performance of our Moderate and Moderately Adventurous fund portfolios over the last five years. We have also included the IA OE Mixed Investments 40-85% returns and IA OE Flexible Investments as benchmarks and RPI for reference. Please see page 15 for more information in relation to the benchmarks. This chart shows portfolio returns excluding non-portfolio assets such as structured products.





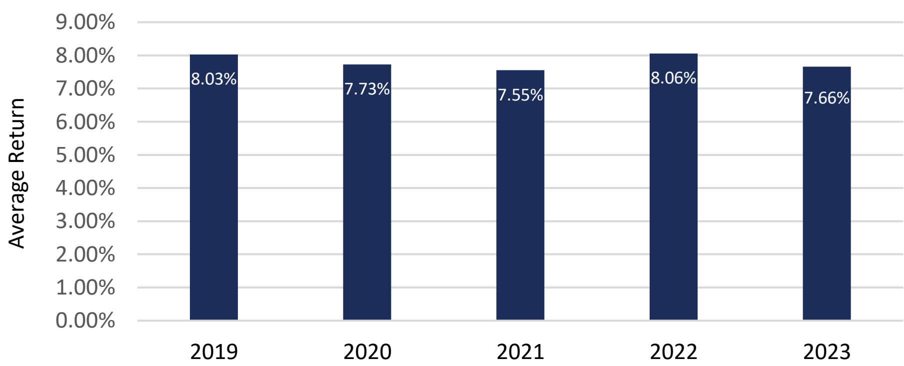
Discrete Annual Performance

This chart shows the discrete annualised performance of our Moderate and Moderately Adventurous fund portfolios over the last five years.

We also run Cautious, Moderately Cautious and Adventurous portfolios and information on these portfolios can be obtained upon request.

Structured Product Average Return

This chart shows the average return achieved on our structured product recommendations on a discrete annualised basis.



Market Commentary UK

Macroeconomic Highlights 01/12/2023 to 29/02/2024		
	Latest Reading	Compared to Previous Quarter
GDP Growth	-0.3%*	Fell from 0.0%
Yearly Inflation	3.4%*	Fell from 4.6%
Wage Growth Including Bonuses	5.8%*	Fell from 7.9%
Unemployment Rate	3.8%*	Fell from 4.2%
Interest Rates	5.25%	Remained at 5.25%

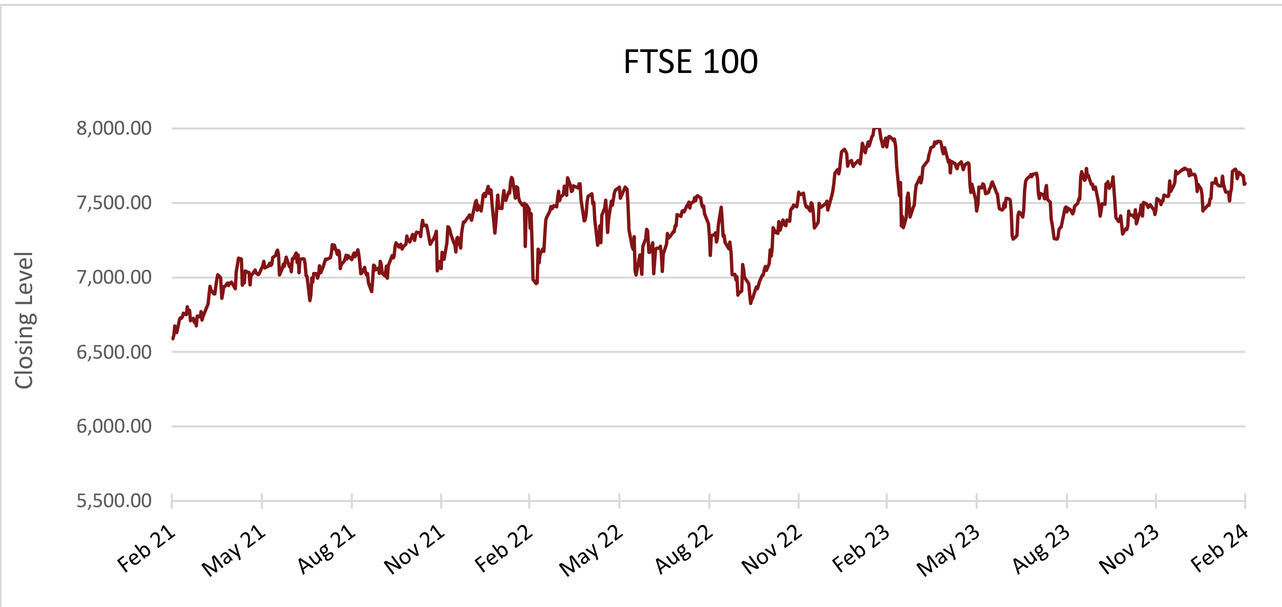
*Based on the latest available data at the time of print.

February found the UK inflation rate at 3.4%, the lowest it has been since September 2021. Despite the drop, many everyday staples and luxuries are still rising at a fast pace, including a 36% increase in car insurance and a 10% increase in package holidays. It is important to note that food prices have jumped 30%, which is the same level of increase over the past 15 years, packed into just three.

According to official data, the UK entered a technical recession in the second half of 2023. Looking ahead, the Purchasing Managers' Index indicates that economic activity is actually rising at its fastest rate since the middle of 2023. The strong retail sales that were reported in January are a significant indicator of an economic bounce back.

Property has always been an influential theme for the UK's economic activity. As per the latest figures from ONS, the average UK home is now worth 8.3 times the average annual salary, up from 4.5 in 2002. Despite the high price point, UK houses are also described as cramped and ageing when compared to housing seen in similar economies. That doesn't come as a surprise since 38% of houses in the UK were built before 1946 while in Italy it's about 21% and Spain just 11%.

We will retain our underweight allocation to the UK Large Cap next quarter, but we will increase our allocation to Mid Cap and small Cap.



Market Commentary US

Macroeconomic Highlights 01/12/2023 to 29/02/2024		
	Latest Reading	Compared to Previous Quarter
GDP Growth	3.2%*	Fell from 5.2%
Yearly Inflation	3.1%*	Fell from 3.2%
Wage Growth Including Bonuses	5.7%*	Remained at 5.7%
Unemployment Rate	3.7%*	Fell from 3.9%
Interest Rates	5.50%	Remained at 5.50%

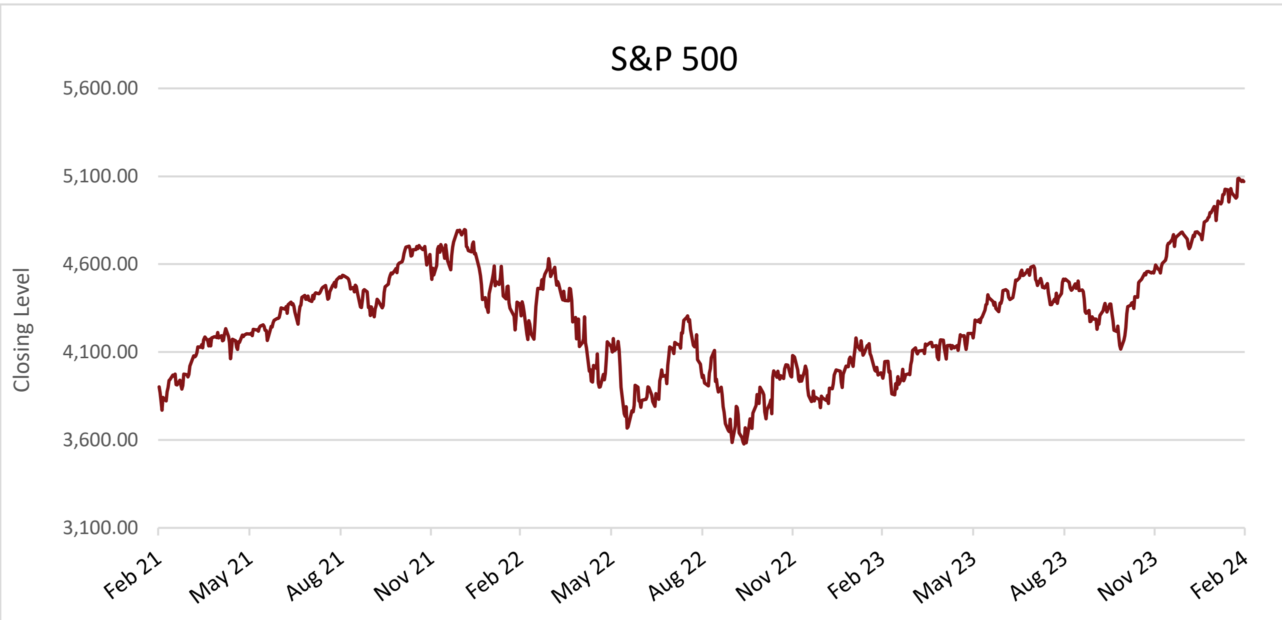
*Based on the latest available data at the time of print.

US shares made strong gains in January and February, supported by some well-received corporate earnings, including good results from the so-called "Magnificent Seven" companies.

Interest rates remained on hold at 5.25-5.50% for the fifth consecutive meeting. It seems that although the Fed could be considered slow in its reactions, it has enabled employment to remain robust while inflation has been declining. Jerome Powell emphasised that the Fed is seeking more data to bring greater confidence that inflation is sustainably moved to its 2% target which almost confirms that there will be more than one interest cut this year.

The sustained bull run has pushed US equity valuations (measured by their PE ratios) to their top historical decile. When one takes into account the mix of sectors in these markets though, the picture seems to change. For example, the S&P 500 is weighted toward expensive technology shares resulting in a higher valuation. If the technology weightings of the UK, Eurozone, Japanese or emerging market equity benchmarks are adjusted to be similar to the US, the valuation gap narrows significantly.

We will reduce our allocation to the US next quarter, reverting to a Neutral position.



Market Commentary Europe

Macroeconomic Highlights 01/12/2023 to 29/02/2024		
	Latest Reading	Compared to Previous Quarter
GDP Growth	0.0%*	Increased from -0.1%
Inflation	2.6%*	Fell from 2.9%
Wage Growth	5.3%*	Increased from at 4.6%
Unemployment Rate	6.4%*	Fell from 6.5%

*Based on the latest available data at the time of print.

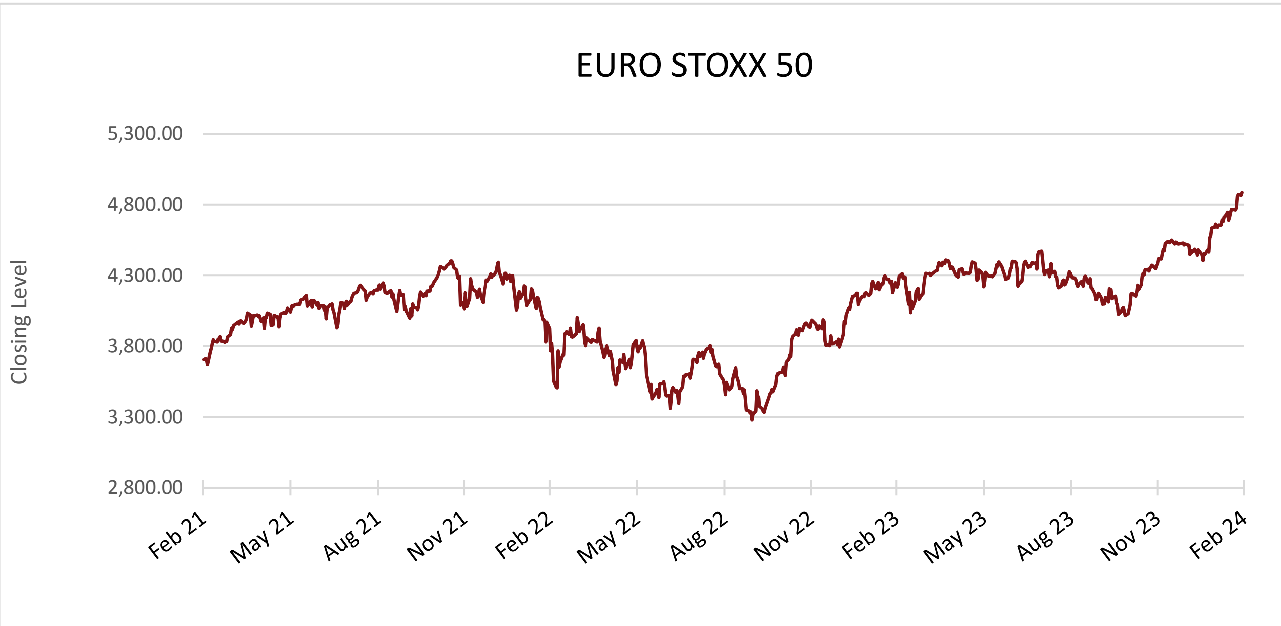
Eurozone stocks gained strongly last quarter but lagged the gains made by US markets. Once again, top performers included IT, consumer discretionary and industrials while real estate and utilities performed weakly as the expected interest rate cuts haven't happened just yet.

The January industrial production data was at -6.7% year on year. Manufacturing sentiment has started to pick up, but this is in part due to the hope that rates will be cut.

Growth forecasts from the IMF are looking cautiously optimistic, projecting a climb from -1% levels to 1.7% by 2025. The Central, Eastern, and Southeastern European region is expected to see a more robust rebound, hinting at a brighter horizon. However, achieving sustainable growth while navigating the inflation tightrope, demands strategic foresight and a balanced policy approach.

Speaking of growth, Belgium is one of the few European countries that did not record a single negative quarterly growth rate since the beginning of 2022. The main driver has been the Dutch-speaking region of Flanders with its top universities and an open economy served by Europe's second largest port by volume, Antwerp-Bruges.

We will retain our overweight exposure in Europe next quarter.



Market Commentary Japan

Macroeconomic Highlights 01/12/2023 to 29/02/2024		
	Latest Reading	Compared to Previous Quarter
GDP Growth	-0.1%*	Increased from -0.5%
Inflation	2.2%*	Fell from 3.3%
Unemployment Rate	2.4%*	Fell from 2.5%

*Based on the latest available data at the time of print.

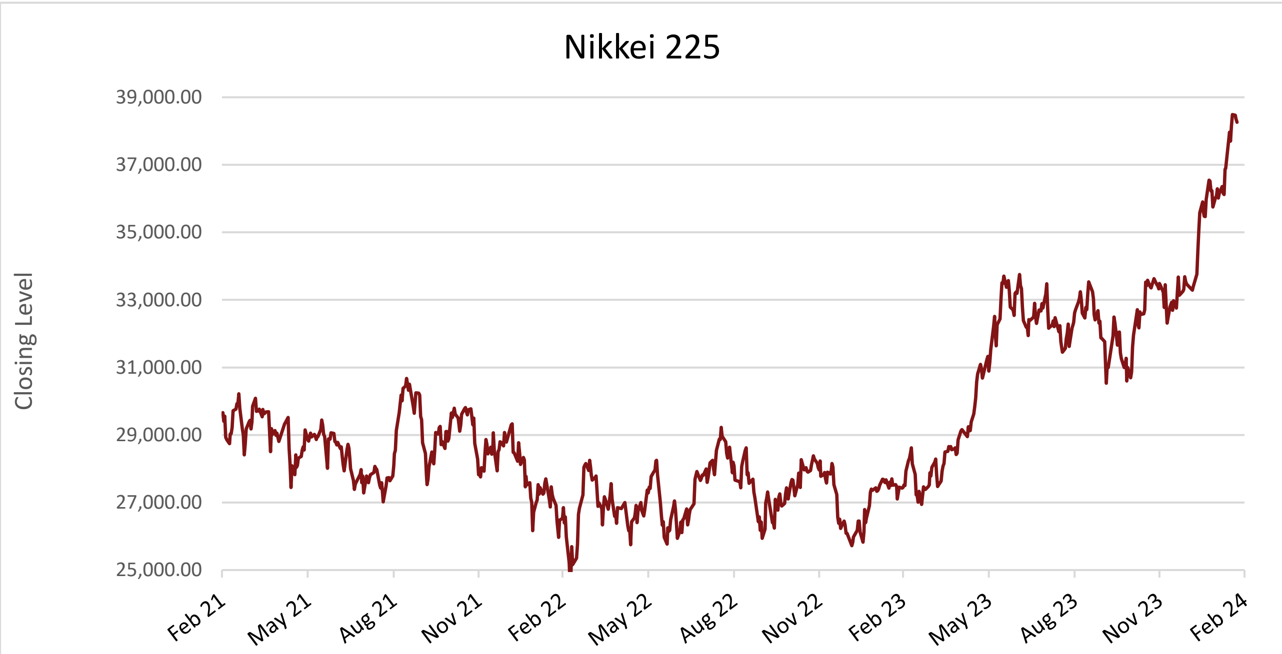
The Japanese equity market enjoyed a strong start of 2024 and accelerated during February. Nikkei 225 exceeded the all-time high 38,915 yen which was recorded in December 1989 and finished the month at 39,166 yen with a 7.9% return. The stronger return from the Nikkei over the TOPIX indicates the fact that the rally was led by large cap stocks while small cap stocks continue to lag.

The BOJ ended eight years of negative interest rates and other remnants of its unorthodox policy last week, with the first increase in interest rates in 17 years. With policy rates no longer negative, the Bank of Japan has abandoned its policy of yield-curve control and has drastically scaled down its quantitative easing.

On the back of the recovering economy and an increase in foreign visitors, the average price of land in Japan rose for the third consecutive year, returning to pre-pandemic levels. Residential land prices in the three largest metropolitan areas of Tokyo, Osaka and Nagoya grew 2.8%, while commercial land prices increased 5.2%.

The yen has lost almost a quarter of its value in the last couple of years, making it pricier to buy assets abroad. With the so far negative interest rates stance, currency hedging costs also soared. Signs of a decline in hedging demand suggest that local investors are less concerned the yen will rebound sharply.

We will reduce our allocation to Japan next quarter, reverting to a Neutral position.



Market Commentary Emerging Markets

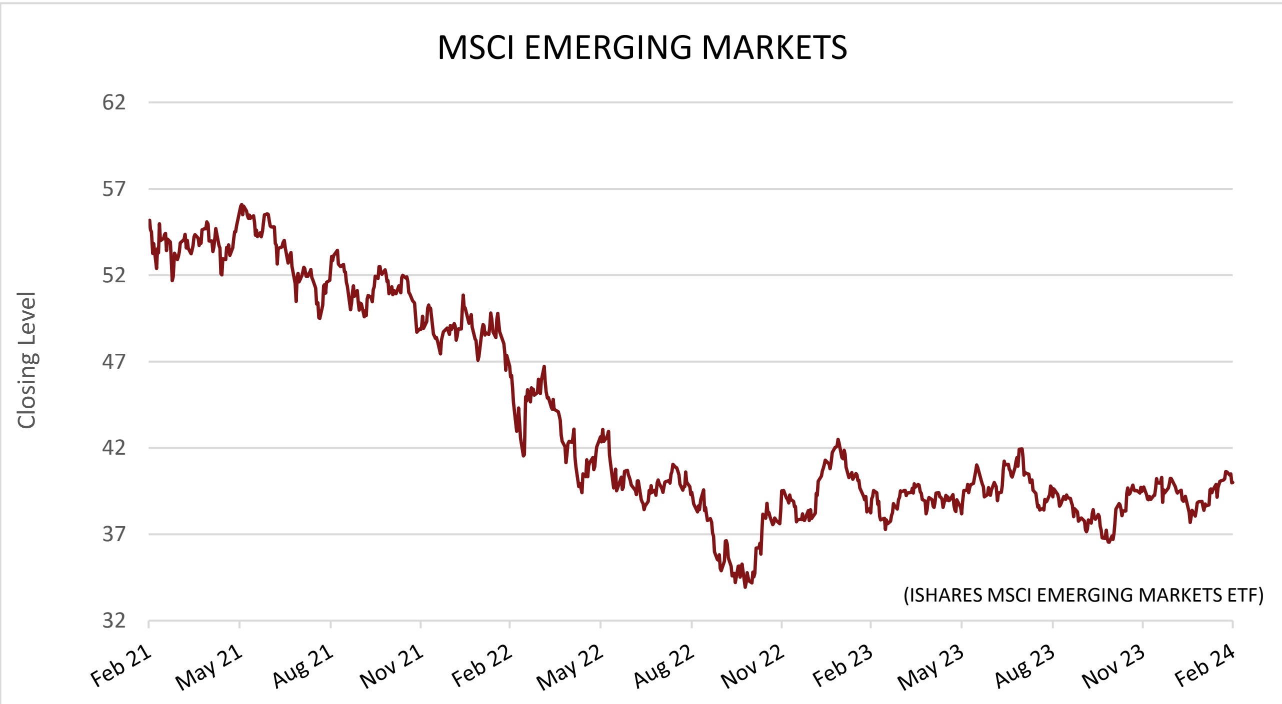
Emerging Market equities declined in US dollar terms in the first month of 2024 but gained in February outperforming developed equity markets.

In China, the equity market has responded well to an intervention to limit short selling. China's central bank has cut its key mortgage reference rate by a record amount, as it rumps up efforts to stem a prolonged property crisis. Of course, this move on its own, will not revive new home sales. However, coupled with efforts to provide increased credit support to developers, this cut should help to reduce pressure on the property sector.

The Korean market, which is typically sensitive to the outlook for US interest rates, lagged the index. Domestic spending is recovering slower than expected as it had become more sensitive to interest rates, which have stayed high over a prolonged period. The country's benchmark Kospi (Korea Composite Stock Price Index) is projected to break the 3,000-point threshold in the second quarter, if the U.S. Federal Reserve starts slashing interest rates. It is left to see how the elections taking place on the 10th April could alter the current economic policies.

In South Africa, rand weakness had a negative effect on returns as the market continues to struggle with US dollar strength and political uncertainty in the run-up to 29 May's general election.

We will revert to a Neutral position next quarter, selling gains made from our Brazil and Indian exposures.



Market Commentary Fixed Interest

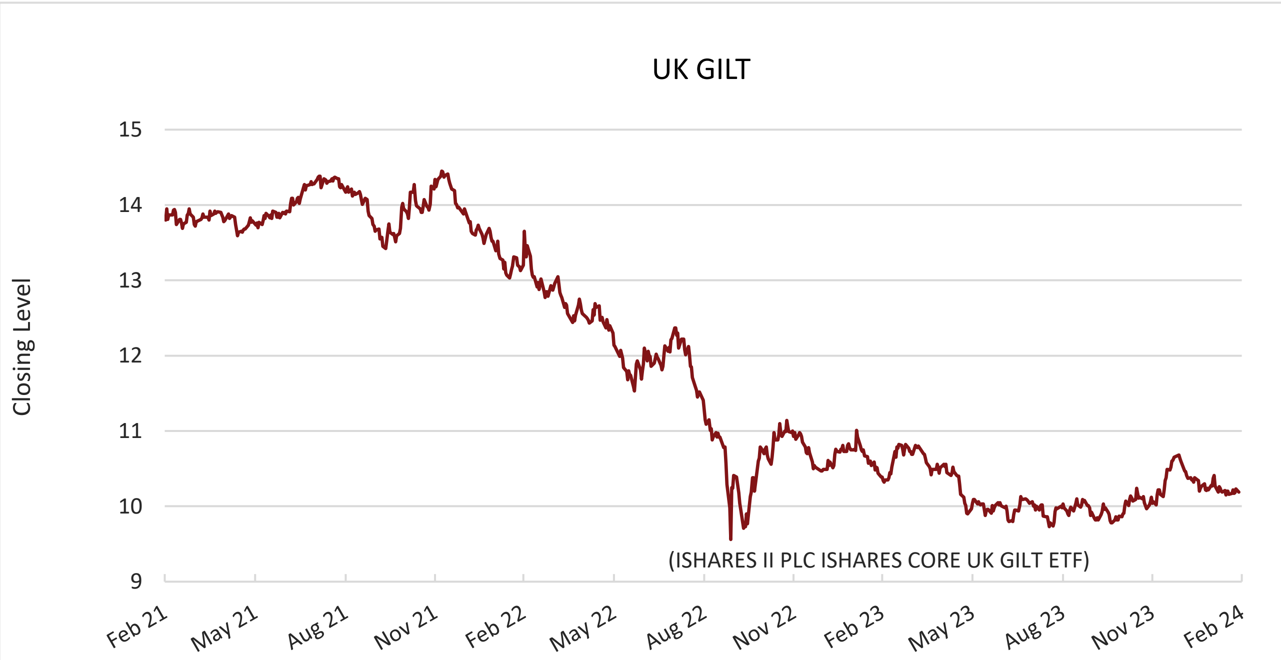
In January, global government bond markets saw a partial reversal in the positive performance experienced at the end of 2023. Despite encouraging news on disinflation, the enthusiasm for near-term rate cuts subsided as the US economy continued to demonstrate robust growth.

Imminent central bank rate cuts provide an attractive backdrop for fixed income investors. Of course, interest rates and inflation will continue to exert a dominant influence on bond markets for some time yet. Indeed, most agree that rates have peaked, which was the spark required for the recent rally after a three-year bear market in fixed income.

Yields have come down from their peak but are still relatively high. While interest rates and yields are still relatively high, bonds provide an ample cushion to protect investors from any potential capital losses. Rate cuts would then trigger capital gains and the market has already begun to rally in anticipation of that.

Gilts are offering an attractive yield for the first time in a long while having been the worst performing asset class for the past decade. The good news for gilt investors is that prices have reset to much more reasonable levels and yields look relatively attractive. While there are still risks out there (notably sticky inflation & the UK election), the risks and returns on offer look far more balanced than they have since the financial crisis.

We will re-introduce exposure to Gilts next quarter and implement an overweight stance in the Fixed Income sector.



Our Tactical Allocation—Adventurous

Sector	Forecast	Position	Morningstar Adventurous Allocation (%)	Tactical Overlay (%)	Adventurous Final Allocation (%)
US	Fair	Neutral	28	0	28
UK Large Cap	Unfavourable	Underweight	28	-16	12
UK Mid Cap	Favourable	Overweight	5	2	7
UK Small Cap	Favourable	Overweight	2	4	6
Europe	Favourable	Overweight	8	3	11
Japan	Fair	Neutral	9.8	0.2	10
Pacific ex Japan	Fair	Neutral	2	0	2
Emerging Markets	Unfavourable	Underweight	12.2	-0.2	12
Property	Favourable	Overweight	0	2	2
Commodities	Favourable	Overweight	0	1	1
UK Gilts	Favourable	Overweight	1	1	2
UK Corporate Bond	Unfavourable	Underweight	3	-2	1
Global Government Bond ex UK	Favourable	Overweight	1	1	2
Global Inflation-Linked Bond	Favourable	Overweight	0	2	2
Cash	Favourable	Overweight	0	2	2

Our Tactical Allocation— Moderately Adventurous

Sector	Forecast	Position	Morningstar Moderately Adventurous Allocation (%)	Tactical Overlay (%)	Moderately Adventurous Final Allocation (%)
US	Fair	Neutral	24	0	24
UK Large Cap	Unfavourable	Underweight	24	-13	11
UK Mid Cap	Favourable	Overweight	4	2	6
UK Small Cap	Favourable	Overweight	2	3	5
Europe	Favourable	Overweight	6.5	2.5	9
Japan	Unfavourable	Underweight	7.75	-0.75	7
Pacific ex Japan	Fair	Neutral	2	0	2
Emerging Markets	Favourable	Overweight	9.75	0.25	10
Property	Favourable	Overweight	0	3	3
Commodities	Favourable	Overweight	0	3	3
UK Gilts	Unfavourable	Underweight	6	-2	4
UK Corporate Bond	Unfavourable	Underweight	8	-6	2
Global Government Bond ex UK	Unfavourable	Underweight	6	-1	5
Global Inflation-Linked Bond	Favourable	Overweight	0	5	5
Cash	Favourable	Overweight	0	4	4

Our Tactical Allocation— Moderate

Sector	Forecast	Position	Morningstar Moderate Allocation (%)	Tactical Overlay (%)	Moderate Final Allocation (%)
US	Fair	Neutral	18	0	18
UK Large Cap	Unfavourable	Underweight	19	-9	10
UK Mid Cap	Favourable	Overweight	3.5	2.5	6
UK Small Cap	Favourable	Overweight	0	5	5
Europe	Favourable	Overweight	5	2	7
Japan	Unfavourable	Underweight	5.5	-0.5	5
Pacific ex Japan	Fair	Neutral	2	0	2
Emerging Markets	Unfavourable	Underweight	7	-1	6
Property	Favourable	Overweight	0	3	3
Commodities	Favourable	Overweight	0	2	2
UK Gilts	Unfavourable	Underweight	8	-2	6
UK Corporate Bond	Unfavourable	Underweight	14	-9	5
Global Government Bond ex UK	Favourable	Overweight	8	1	9
Global Inflation-Linked Bond	Favourable	Overweight	2	8	10
Cash	Unfavourable	Underweight	8	-2	6

Our Tactical Allocation— Moderately Cautious

Sector	Forecast	Position	Morningstar Moderately Cautious Allocation (%)	Tactical Overlay (%)	Moderately Cautious Final Allocation (%)
US	Fair	Neutral	12	0	12
UK Large Cap	Unfavourable	Underweight	12.5	-3.5	9
UK Mid Cap	Favourable	Overweight	2.5	2.5	5
UK Small Cap	Favourable	Overweight	0	4	4
Europe	Favourable	Overweight	3	2	5
Japan	Unfavourable	Underweight	4.5	-0.5	4
Pacific ex Japan	Favourable	Overweight	0	1	1
Emerging Markets	Unfavourable	Underweight	5.5	-1.5	4
Property	Favourable	Overweight	0	3	3
Commodities	Favourable	Overweight	0	2	2
UK Gilts	Unfavourable	Underweight	12.2	-4.2	8
UK Corporate Bond	Unfavourable	Underweight	18	-8	10
Global Government Bond ex UK	Unfavourable	Underweight	12.8	-4.8	8
Global Inflation-Linked Bond	Favourable	Overweight	4	10	14
Cash	Unfavourable	Underweight	13	-2	11

Our Tactical Allocation—Cautious

Sector	Forecast	Position	Morningstar Cautious Allocation (%)	Tactical Overlay (%)	Cautious Final Allocation (%)
US	Fair	Neutral	6	0	6
UK Large Cap	Unfavourable	Underweight	6	-2	4
UK Mid Cap	Favourable	Overweight	0	3	3
UK Small Cap	Favourable	Overweight	0	3	3
Europe	Favourable	Overweight	2	1	3
Japan	Fair	Neutral	2.5	0	2.5
Pacific ex Japan	Fair	Neutral	0	0	0
Emerging Markets	Fair	Neutral	3.5	0	3.5
Property	Favourable	Overweight	0	3	3
Commodities	Favourable	Overweight	0	2	2
UK Gilts	Unfavourable	Underweight	16.5	-7	9.5
UK Corporate Bond	Unfavourable	Underweight	22	-7	15
Global Government Bond ex UK	Unfavourable	Underweight	18.5	-7	11.5
Global Inflation-Linked Bond	Favourable	Overweight	5	13	18
Cash	Unfavourable	Underweight	18	-2	16

Notes on EB Wealth Performance Statistics

Our Benchmarks

1. IA OE Mixed Investments 40-85% - this shows the average performance of all funds which qualify for the 'Mixed Investments 40-85%' sector which have the following characteristics:

- Include a range of different investments
- Maximum 85% equity exposure (including convertibles)
- Minimum 40% equity exposure
- No minimum fixed income or cash requirement
- Minimum 50% investment in established market currencies (US dollar, sterling & euro) of which 25% must be sterling
- Sterling requirement includes assets hedged back to sterling.

This is broadly in line with what the industry used to refer to as a 'Balanced Managed' fund and is broadly in line with our Moderate as well as Moderately Adventurous portfolios. However, our portfolios have no set mandates as to the amount of exposure we hold in any specific asset class.

2. IA OE Flexible Investments - this shows the average performance of all funds which qualify for the 'Flexible Investments' sector which have the following characteristics:

- Include a range of different investments
- No minimum equity requirement
- No minimum fixed income or cash requirement
- No minimum currency requirement.

This is broadly in line with what the industry used to refer to as 'Specialist'. Since we do not impose any asset allocation restrictions on our portfolios, this benchmark is relevant; however, currently our Moderate and Moderately Adventurous portfolios would also fall within the mandate to be considered IA OE Mixed Investments 40-85%.

3. RPI (Retail Price Index) - along with the CPI (Consumer Prices Index), the RPI measures consumer inflation in the UK. Whilst the official measure is now CPI, RPI or CPIH (CPI with Housing) are still used for many types of cost escalation, and we believe them to be more relevant metrics for measuring real inflation as they include housing costs.

Structured Product Returns

The performance data provided is an average of all the products we have recommended to clients over the last six years where the return of the product is known i.e., where a product has matured, or an income payment has been received. We have also weighted the performance figures proportionately to the value of investments held.

As structured products are close-ended investments, clients will only benefit from returns on the products they own personally rather than the average figures published in this report. The average figures are provided to highlight the general benefit of using structured products to reduce the volatility of a portfolio without necessarily impacting the total return.

The structured product returns quoted in this report may change in subsequent reports since products we have recommended, but are yet to mature, have not been included in the returns quoted above. For example, a five-year product with the potential to pay 6% a year, but which has not yet matured, will not be included in the figures above. Depending on the outcome of the investment when the product matures, we will allocate either 6% or 0% a year to the year in which it matures as well as the relevant preceding years.

Our Services

Wealth Management
Pension / SIPP funding
Pension / SIPP investment management
Pensions in retirement / Income drawdown
ISA/ LISA/ JISA funding
ISA/ LISA/ JISA investment management
Trustee investments
School Fees planning
Managing Estates under Power of Attorney

Personal Insurance
Life and Critical Illness Cover advice and brokerage
Family Income Benefit advice and brokerage
Mortgage Protection advice and brokerage
Income Protection advice and brokerage
Private Medical Insurance advice and brokerage

Tax Planning
Inheritance Tax Planning
Capital Gains Tax Planning
VCTs, EISs, ISAs, Bonds
Financial Planning in relation to marriage, divorce or bereavement
General Tax Planning / Other

Corporate Services
Auto Enrolment and Company Pensions
Partnership/ Shareholder Protection
Key Person Insurance
Employee Benefit Packages and Communication
Services for Charities
Business Exit Planning

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